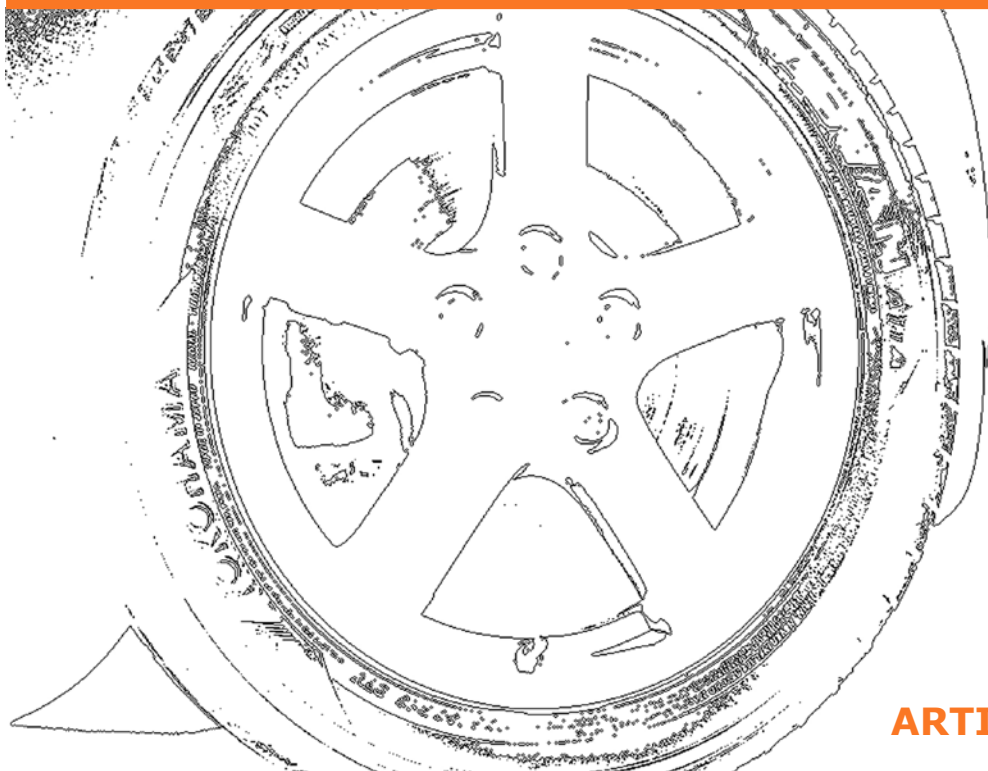


Knowledge

BANK



ARTICLE 11

A quick guide to sale and lease back

A quick guide to sale and leaseback

Sale and lease back

This is the name for the transaction where you sell your vehicles to a lessor, then continue to use them under the terms of a leasing agreement, often contract hire.

There are a variety of reasons why you may wish to do this.

You may wish to raise cash, remove residual value risk, reduce your administration or remove the vehicles from your balance sheet. You might enter into a sale and lease back where you have decided to use contract hire for the first time and, rather than waiting up to three years until the whole fleet has been replaced piecemeal, you sell the existing fleet to the contract hire company and immediately start to enjoy the service benefits.

Sale and lease back is often called 'purchase and lease back' or simply 'leaseback'.